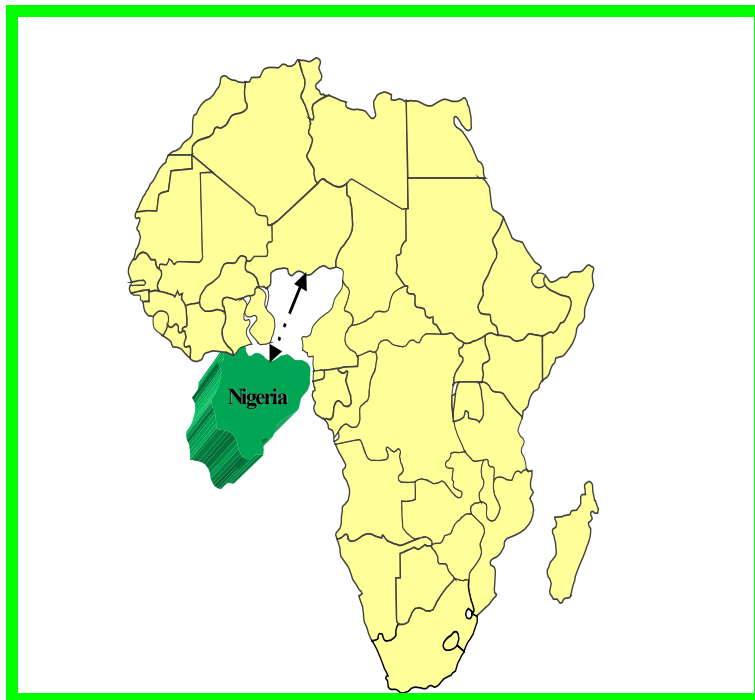




USAID/Nigeria Stakeholders Consultation

TECHNICAL AND LOGISTICAL REPORTS



USAID IN PARTNERSHIP WITH NIGERIA

**NEW FIVE-YEAR STRATEGY DEVELOPMENT
FY 2004 – FY 2009**

***8 MAY 2003
GOLDEN GATE RESTAURANTS – LAGOS***

USAID NIGERIA

STAKEHOLDERS CONSULTATION

HELD AT

**GOLDEN GATE RESTAURANTS
LAGOS – NIGERIA**

THURSDAY MAY 8, 2003

TECHNICAL REPORT

**Prepared by
DICKSON E. ATSENUWA, RAPPORTEUR**

LOGISTICAL REPORT

**Prepared by
WILMA NWANZE, EVENTS MANAGER**

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**USAID/NIGERIA STAKEHOLDERS CONSULTATION
TECHNICAL REPORT FOR MAY 8, 2003
Prepared by Dickson E. Atsenuwa**

I. OPENING AND WELCOME

The seventh and the last in the series of USAID Nigeria consultations with stakeholders to input the mission's new five 5-year Strategy was held at the Golden Gate Restaurant, Lagos. The meeting, which brought together stakeholders from the private sector based in Lagos, academia and research institutes, Implementing Partners, representatives of the United States Government and USAID staff¹, opened with a formal welcome by Denise Rollins, Program Officer, USAID. The meeting, she noted, would undertake reviews of processes currently undertaken by USAID and the findings of the various sectoral assessments as well as contribute suggestions to the way forward in the context of the new strategy.

The methodology, she informed participants, entailed presentations by USAID Program Staff and follow-on discussions by participants with emphasis on identifying room for synergy and linkages between economic growth and the other areas of engagement by USAID on the one hand and USAID and other stakeholders, especially the private sector on the other hand.

II. OVERVIEW OF STRATEGY DEVELOPMENT PROCESS²

Dawn Liberi, Mission Director for Nigeria presented an overview of the USAID Nigeria Country Strategic Plan Development Process placing it in the context of USAID programming in Africa and the rest of the world. She noted that Nigeria is a priority country for development assistance from Washington's perspectives and this reflects in the facts that the USAID mission in Nigeria is the largest in sub-Saharan Africa and Nigeria is also one of the 12 countries in Africa expected to benefit from about 15 billion U.S dollars budgeted by the US government for AIDS Initiative for 14 countries worldwide. Given this demonstrable importance of Nigeria to the United States, there is need for USAID/Nigeria to maintain its status as one of the highest priority missions and one of the reasons for these consultations is to provide other stakeholders with the opportunity of blazing new pathways through the development of a new five-year Strategy.

The funding level for USAID Nigeria since May 1999 has reached \$350m although only \$ 170m has been expended while \$250m has been committed. The difference between the planned for and committed and expended funds can be accounted for by the nature of USAID's funding cycle. Though the largest bilateral mission in the sub-Saharan region, Nigeria currently receives only about 6% of the total budgetary allocation to the African Bureau. 75% of the bureau's budget is released directly to the Mission, while the balance of 25% is held back in Washington. Access to the 25% held back is very competitive as it is tied to

¹ List of participants is attached as Annexure I

² Details attached as Annexure II

the 13 Presidential Initiatives, 7 of which are relevant to Nigeria. Missions are required to submit special proposals to enable them to access this fund, which requires USAID Nigeria to be strategic in its planning. One of the goals of these consultations is to generate ideas for such proposals.

The Future of Development from USAID perspectives, will be guided by key concerns and goals as identified by the USAID Development Administrator, namely: Governance; Economic Growth as Key to Development; Micro-economic Reform; Improving Health Care; Humanitarian Assistance and Conflict Mitigation as well as Private Foreign Aid in Public-Private Alliances. While other donors focus on poverty alleviation, USAID emphasis is on economic growth both at the micro and macro level. Hence, this meeting focuses on to how to increase growth in the non-oil sector, which to date has remained at the parlous level of 1%. On a conceptual and strategic level, the goal is to increase agricultural productivity, which in last ten years has been rapidly declining. This will be through improving access and developing financial services, micro-credit, deepening and broadening financial market base, financing local entrepreneurship, and access to the capital market and the aim is to push the economic growth rate from the current 4% to about 7%.

The Strategy Development Process for Nigeria involves a planning process, through which goals and objectives are defined and approved, and performance measures identified for a specific period of time; strategic objectives and results framework are established and resources allocated. The process is based on evaluations of on-going activities and sector analyses, donor coordination as well as stakeholder consultations. USAID'S mode of work requires specificity as to the results to be achieved, which in turn requires precise objectives and performance indicators to be stated at the on-set. It is for this reason that this meeting will be reviewing the Strategic Objectives in the Results Framework of the new Strategy, to determine whether they are reasonable and realistic.

Under the new Strategy to take effect from January 2004, the Mission will work in four sectors namely: Democracy and Governance; Agriculture, Economic Growth and Environment Sector; the Social Sector of Health and Education; as well as the HIV/AIDS and Tuberculosis (TB) Sector. In addition, five cross-cutting themes of HIV/AIDS, Gender, Environment, Conflict Mitigation and Food Security have been identified while the Working Principles for the implementation of the Strategy are *Program Focused on Results; Impact-Oriented; Empirically-Based; Emphasis on Partnerships; Participatory; Leverages, Resources and Commitments* as well as *Synergistic/Multi-sectoral approaches*.

She noted the emphasis on HIV/AIDS reflected in the sectoral allotment to it as well as its recognition as a crosscutting theme. The importance is premised on the pandemic nature of the disease and its impact on social and economic life of Nigeria especially against the backdrop of the staggering realization that one in every four persons living with AIDS (PLWA) worldwide is a Nigerian. Put

together, the Health and the Social sectors have the largest allocation of funds but the rules do not permit diverting allocations from one sector to another. The intersectoral linkages and partnerships especially the public-private partnerships are, however, expected to leverage additional funding for the economic growth sector in the course of the Strategy's life.

Questions, Responses

1. Could some clarification be provided on the issue of differences between planned, committed and expended funds? What is responsible for these differences?

Response

There are two things responsible for the differences. First, it is the result of the normal cycle of program planning and implementation. Second, it is a normal reflection of program implementation cycle; it starts gradually so that expenditure is low at the beginning of the cycle and rises dramatically towards the latter part. Also important is the time of receipt of funds. This is usually about 6-9 months after budget approval.

USAID has an expenditure rate of 50-60% and this is quite good when compared with the about 10-20% rate for colleagues-donor organizations.

2. The environment as a sector is completely missing?

Response

The environment has been integrated into the overall strategy, e.g. the biotechnology program that is being developed has a budget line dedicated to seeing it through. Environment has also been integrated into agriculture. The goal is to mitigate the negative impact of increased production on the environment. This is result of a congressional mandate.

3. It appears that the key goals of the program under the agriculture, economic and environment sector are to increase agricultural productivity and the purpose of this meeting is to find out how this can be done. The point, however, is that productivity is not Nigeria's problem in the area of agriculture but how we manage what is produced, that is post-harvest management.

Response

Post-harvest management is, indeed, a problem and USAID has been involved in working with a number of experts, many of whom are here, to address it. The questions are, "how do we increase marketing capacity to ensure that farmers and all others benefit from increased productivity.

4. It must be emphasized that the main thing causing problems including HIV/AIDS is poverty. Yet, looking at the planned budget for 2004, the allocation to the agriculture sector, upon which Nigeria's survival as a nation is hinged, is very small. Could this issue be re-addressed?

Response

This is one of the areas of emphasis. In trying to diversify to the non-oil sector, we are, in fact, trying to address the problem of poverty through growth. The two ways of addressing poverty are: increasing direct distribution of budgetary resources and increasing growth. The former is being addressed through the legislative program under the DG component while the latter is the focus of this consultation.

5. Could there be some more clarification on how the identified cross-cutting themes are to be addressed given that some of the themes are also sectoral focal concerns. For example, environment is a cross-cutting issue but also a sectoral focus of agriculture; conflict is also a focal concern of the DG program. In turn, HIV/AIDS is a both a program area and a cross-cutting issue.

Response

There is a difference between funding a program, as we are doing with conflict mitigation under the DG program and conceptually and strategically identifying cross-cutting theme as they impact on the implementation of all programs. It is hoped that this meeting will contribute to making conceptual and strategic linkages between cross-cutting themes and programs.

6. It is noted that the problem is not in planning but in implementation, which is usually haphazard. Without specific indicators guiding where to address program, not much can be achieved. Yet, it is observed that there is no budgetary provision for generating statistical information.

Response

Within each sector, funding for data collection, e.g. surveys and statistical analysis has been built in even though there is no separate line item. USAID currently funds the National Demographic and Health Survey (NDHS), which provides baseline on social sector every five years and is carried out by the Office of Statistics and the National Population Commission. USAID is also supporting the National Education Survey and collaborating with many institutions and universities to generate data relevant for agricultural production.

7. Has there been sufficient attention given to the Niger Delta crisis in which oil companies are major victims (although many view them as the culprits) as conflicts create problems for their operations? Achieving any sustainable program in agriculture or health or education development depends on peace management. There is a model for peace management that have been found to work and which may be borrowed. The model organizes people under their traditional system to develop plans and aspirations upon which to hang their hopes and is exemplified by the Bonny Master Plan. Shell, LNG and Mobil Exxon can be approached for access to this model.

Response

It is agreed that community participation is very important. It is recognized that there are different issues of concern, prevailing factors and constraints, just as there are commonalities. USAID has been carrying out regional assessments in the north and the south of Nigeria in response to this realization.

III. STRATEGY DEVELOPMENT

Denise Rollins reiterated the meeting's purpose and noted that 6 key analytic documents together with the consultations held over the last six months have provided direction to the USAID Strategy. These are the Economic Growth Portfolio; the Macro-Economic Assessment; Non-oil Foreign Investment Roadmap, the Agriculture Status Report, the Microfinance/Small and Medium Enterprises Sector Portfolio and the Environmental Analysis

She emphasized that the Strategy Overview is hinged on a Results Framework. The key question running through the whole Strategy is, "what is to be accomplished?" This meeting is to assist USAID determine if it is on the right track given especially, its limited resources.

IV. STRATEGIC FOCUS ON AGRICULTURE, ENVIRONMENT AND PRIVATE SECTOR GROWTH³

Presenting the US Strategic Focus on agriculture, environment and private sector growth, Ravi Aulakh, Team Leader, Office of Economic Growth and Agriculture noted that a new Strategy is imperative if USAID is to achieve meaningful results in direction of the economic growth. This situation has become even more critical given the small level of funds allocated to agriculture and economic development. At present, only 14% of the funds available to USAID go to agriculture and economic development. Worse still, the Economic Support Fund - \$25m above the normal budget, which used to provide some lifeline, is steadily declining.

To date, the Economic Growth Strategic Objective has focused on four programs areas, namely: micro-economic policy, trade policy, tariff, IPRSP and privatization issues. In relation to Agriculture, there have been many programs since 1999 including baseline studies and a number of small interventions with the goal of reaching the farmer quickly with the technology. The challenge now is to learn from the experiences to date to build Nigeria. In particular, USAID hopes to use the experiences to determine its area(s) of comparative advantage in order to become more effective.

Two areas of significant change in the new Strategy are Infrastructure program and privatization. USAID has, in the past, carried out limited infrastructure programs as well as programs in the energy and aviation sectors but it now aims at concentrating resources on overall economic growth and agriculture. It also supported the privatization program, which is widely regarded as one of the best

³ Details attached as Annexure III

of such exercise worldwide. However, since this project has been taken over by the World Bank, it will no longer be involved.

Again, she emphasized that this consultation, as the earlier ones, is expected to enrich the strategy development process through a critical review of the Results Framework.

V. SECTORAL PRESENTATIONS⁴ - SESSION I

Economic Growth Portfolio Assessment

The sectoral presentation by Thomas Hutcheson highlighted what USAID has been doing within the sector (under the “Transition Strategy”) and provided also a summary of the Economic Growth Portfolio assessment in three parts – examination of critical obstacles in achieving results in the sector; examination of successes and lessons learnt. The assessment identified some of the obstacles to achieving results in the sector, which include lingering mindset, statism and pervasive corruption, poor business environment and macro-economic instability. The main areas of USAID programming hitherto are Policy Coordination; Privatization; Investment Promotion, Commercial Law Development; Trade Policy; Economists training, Anti-corruption and Export Promotion; and Domestic Debt Management. He noted that work in some programs areas never took off because some of the conditions presumed for their relevance were never in place. For example, policy coordination program area had presumed that Nigeria would carry out the program with the IMF and the objective of the program area was to ensure that Nigeria coordinates its policies to enable it stay on tract with the program (IMF). Some of the major lessons are local *political will*, effective counterpart agencies, operationally-focused activities and constituency building. The assessment proffered a number of recommendations.

Macro-Economic Assessment

Charles observed that this sectoral assessment produced what has become an economic report of Nigeria. The assessment identified a number of problems, most of which are the same as those addressed in the Economic Growth Portfolio presentation. The setting in which the Macro-economic assessment took place features the following: (a) Nigeria has one of the slowest growing economy on a per capita basis in spite of huge support from donors for economic growth; poverty is worsening, (b) remarkable regional disparities, even in resources; (c) unequal distribution of income; (d) the aggregate production is dominated by the primary sectors of oil and agriculture, which due to peasant production is unproductive; (e) burgeoning urbanization rates and (f) a stagnant secondary sector, which is making unemployment a major threat.

The challenge therefore is to develop a strategic approach to addressing these problems. Five key areas of challenge are:

⁴ Details are attached as Annexure IVA-F

- a) Policy and Process Reforms under which legislation to support economic development must be passed.
- b) Economic governance and institutional strengthening and reform for effective implementation and delivery of services for private sector operation.
- c) Supporting change from below and empowering the private sector (made up of NGOs, business associations, etc.) to be able to offer on a consistent basis an alternative for change.
- d) Targeted sectoral intervention. In the area of agriculture, USAID should address only some selected programs. Its main aim should be at being catalytic only, undertaking new projects to demonstrate what can be done. USAID and other donors should be more of think tanks, providing adduce and technical support rather than direct involvement in production. Another area likely to have major impact will be leveraging funds from governments and other donors. In this regard, it is important to emphasize that state governments are key counterparts. They control about 42% of the consolidated resources. Targeted intervention should however be done on geographical basis.

The presentation closed with a note that though the medium term prospects are not particularly encouraging, the country has good potentials for a new beginning. It, however, emphasized that progress on the micro-level is not sufficient. The macro-level also must be well focused on.

VI. S.O.12 Result Framework

The major focus in S.O. 12 is the rural economy which accounts for about 70% of the economy in Nigeria and which is characterized by poverty, decreasing household income, population growth, etc. The goal is diversifying and strengthening rural economy. However, given the limited available resources, the best approach would be to identify and put forward best practices as well as work to assist government to strengthen its resource allocation and commitment to this area. There are 3 intermediate results to this end, namely:

- a) Agricultural productivity – Focus on increasing yields etc. through the use of improved seeds, fertilizer and best practices;
- b) Enterprise development, which includes micro-enterprise, small and medium enterprises. Focus on improved access to markets; cross-border trade, market information, market diversification, post harvest management;
- c) Competitiveness – If Nigeria is going to be competitive, it is going to have to compete internationally and this would require it to grow its market from 3% to 7%. USAID can help government in this area by looking at the policy environment, capital market, etc.

The critical question then is, *“how can we engage legislators and civil society to ensure the realization of a good policy environment and policy implementation?”* The AGOA legislation, for example, which is designed to

foster increased markets for Nigerian products, has been stuck at the legislature.

***VII Questions, Comments and Observations on Sectoral Presentations.
Session I:***

In opening the discussions, the facilitator, Denise Rollins emphasized that the discussions and recommendations should be taken from the standpoint of the Strategic Objectives and the questions such as “Are we addressing the right issues given the limits of our resources?” “Is the results framework realistic and reasonable?” “Are we well positioned to attract partnership from government, Civil Society, private sector?” should remain constantly at the fore.

1. There is need for a paradigm shift in terms of thinking about development aid if USAID is going to be effective. Since the 1960s, the approach has been patronage, which prevents most of the funds from going to where it can make the direct impact. Nigeria’s problem has never been shortage of funds but funds go to research by consultants/experts and NGOs the result of which never gets to the community level. Funds should go directly to where they are needed. There is need also to focus on empowerment programs. USAID can partner with IITA and get results through Agric. Extension workers to the community levels.
2. Donor community alone cannot engage government for institutional reforms. Private sector organizations that have been empowered e.g. MAN, NESG, NACCIMA, Chambers of Commerce, etc. should engage the legislature. Such public advocacy groups will engage in evidence-based advocacy thereby lending more credibility to the campaign. The studies which provide the evidential basis have to be taken to the micro-level too as we have tended to focus only on the macro-level.
3. There is need for the coordination of policies. This is necessary because most times the federal government would be implementing a policy while its state counterpart is saying an entirely different thing even on issues that affect all. For example, the federal government is talking of divesting public funds from public organizations and institutions through privatization while state governments are setting up more public institutions. There should be a study on inter-governmental relations to determine how policy coordination can be done.
4. On private sector engagement of the government, there are some lessons from NESG’s experiences.
 - ❑ In the areas of data and information for evidenced based advocacy, there have been a number of studies/evaluations but these have not yielded much result. Some of the lessons from such studies include the need to be more detailed, focused and user-friendly in information

presentation. Also, advocacy efforts have revealed 3 major weaknesses, namely

- ❑ Weak capacity of public sector policy implementers. Most do not have a strategic view of programs or understanding of issues and do not view themselves as facilitators in the process. Organizing trainings and awareness fora as have been done has not produced significant change. Nonetheless, capacity building remains urgent and important as does identifying allies although it must be pointed out that individual allies can be isolated and not much help.
 - ❑ It is important to start developing our own economic development model and/or a Game Plan for development working through a model of prioritizing and an implementation process that focuses on investment on people. This is what the Economic Action Agenda offers.
 - ❑ Institutions and framework for implementing policies should be institutionalized and not individualized.
5. The private sector is more informed and prepared. If it is more involved and empowered to undertake policy advocacy, policy options will become more informed. One of the problems of USAID and other donors is that their operative approach presents a preference for work with government whose agents often do not possess needed capacity. The challenge to them, therefore, is to engage the private sector more.
 6. To effectively engage the public sector, there is need for massive amount of education on the social and economic sector for both the executive and the legislature. Unless there is a sustained policy of education so that all stakeholders are of the same understanding and vision, progress will be haphazard. As such, it is imperative to institutionalize the framework for carrying out this type of education on a continuous basis.
 7. There is need to explore the use intermediary organizations to interface with executive and legislature.
 8. Reform of public sector is constrained by the issue of compensation to those who must be laid off. They need to be paid adequate compensation so that they can engage in useful undertakings of their own. When this has been done successfully, it must, however, be followed by the strategic allocation and prioritization of resources.
 9. Tariffs have been on the increase over the years. How can private sector engage the legislature in this area?

Responses

The private sector, including SMEs, should be supported and empowered to effectively engage legislature in this area. There is however the need for proper linkage within the sector if it is to make any impact.

The tariff, it must be understood, is a double-edged issue. Just as there is the need for protection for some local industries, there is the need also to open our market through reducing/removing tariffs. The WTO negotiations that call for tariff removal should not have been accepted in the first place since for any country there is usually some level of protection. Nigeria can neither afford that kind of extreme liberalization for development.

10. Civil society, comprising rural and urban population needs capacity building, especially in the area of knowledge and information on international trade requirements in order to make necessary impact.
11. The informal sector employs about 70% of workforce but contributes only about 25%. Given this scenario there can be no real growth without reforms to release the resources locked up in that sector
12. There is also the need to leverage information between the executive arm of government and the other arms, as there is a lot of information at the federal level not known or available to the other tiers of government.
13. Government does not know enough of what the private sector requires and so fails in adequately providing for their needs. This results from the gap between public and private sector. The organized private sector must be empowered to make impact and engage the government. They can provide critical data to inform decision-making. The “unorganized” private sector must not be left out. It can be empowered to make impact and engage government. For instance the ban on chicken importation was done through a pressure group within the informal private sector. Therefore, if properly empowered to work with a Chambers of Commerce, which is also empowered, they can achieve a lot.
14. One of the presentations stated that 70% of the people live in the rural areas. This is doubtful. That figure is more applicable to the situation in the 1960s. Things have changed since then.
15. If we are to have rural development, traditional rulers must be brought in as stakeholders. There is an urgent need to build sectoral coalitions between the various actors in the economy.
16. Since the government framework was not available when USAID designed this strategy, how can private sector assist in providing or obtaining government’s direction so that USAID will not work at cross-purposes with government?

VIII. SECTORAL PRESENTATIONS - SESSION II

Agriculture Status Report

Andrew Levin presented the agriculture overview noting that USAID's work in this area is premised on the notion that the United States Government (USG) could assist the Government of Nigeria (GON) to diversify its economy and establish agriculture as a major contributor to economic growth. USAID's areas of successful engagement to date, within the agriculture sector, include disseminating improved crop varieties, production and technologies exemplified by its work with the International Institute of Tropical Agriculture (IITA) to fight cassava diseases; linking farmers to markets and promoting value added processing also exemplified by marketing linkages with US market for the Jigawa State Gum Arabic Processing Co. Ltd. Among lessons learnt are the realization that marketing is an essential component of production based activities, collaboration of implementing partners and geographic focus is necessary for demonstrated impact and opportunities for state-based collaboration. Areas for future activity will be applying biotechnology to enhance production. Environmental considerations will remain constantly in focus to limit the scope of any negative impact on people as well as forest resources and biodiversity.

The presentation noted that at least three of the Presidential Initiatives of President Bush, namely: Presidential Initiative to end Hunger in Africa, the Congo Basin Forest Partnership and the Water for the Poor Initiative directly touch on agriculture, thus reflecting a genuine commitment of the USG to the sector and providing additional opportunities to access funds for the sector activities.

Environmental Analysis

Nduka Okaro, Performance Monitoring Specialist in his presentation reviewed the objectives and methodology, major findings as well as the recommendations of the Nigerian environmental assessment. The objectives were to identify actions necessary in Nigeria to achieve conservation and sustainable management of tropical forests and biological diversity, and the extent to which current or proposed action by USAID meet the identified needs. The assessment found the following major threats: unsustainable use of renewable natural resources, unplanned urban development, petroleum and other industrial operations and weak technical capacity and lack of regulation enforcement at all levels. Opportunities, in turn, can be found in the extent of biodiversity and undisturbed tropical forest remaining, governmental interest demonstrable by institutional reforms initiated by government in the sector and renewed interests by multilateral and bilateral organizations, donors, NGOs and CBO. Its main recommendations include need for and focus on improved environmental management through legal and policy reforms, economic incentives, research and educational awareness, etc; inclusion of environmental activities in the current missions programs and enhanced support of forest and biodiversity management.

Microfinance Development

Abdulkadir Gudugi, Agricultural Economist, in presenting the report reviewed the background and justification for microfinance. As the poor, especially women, in developing countries generally lack stable employment and social safety nets many have recourse to self-employment in the informal sector. The development of microfinance institutions to provide credit, training and savings mobilization is a critical component in the global strategy of poverty reduction and broad-based economic growth. The Report noted that there are potentials as well as a sufficient enabling environment for micro-enterprise although the existing institutions are largely weak, needing strengthening in virtually all areas. Constraints include poor access to formal financial institutions largely because of their concentration in urban areas as against rural areas where over 70% of the population live, and high interest rates charged on credit facilities. Although there are numerous grassroots financial institutions, many are very weak and unviable.

The way forward requires improving the policy and regulatory environment, strengthening microfinance institutions in urban and rural areas, improving the supervision by the Central Bank of Nigeria and enhancing coordination among the public and private sector and donor agencies. In all there must be specific targeting of women and other vulnerable groups and the focus must be on increasing income.

Nigeria Domestic Debt Management

Francis Odubekun, Government Debt Issuance and Management Advisor, US Dept. of Treasury, Office of Technical Assistance provided a brief overview of the Office of the Technical Assistance (OTA) Program and its Work Objectives, which include building institutional capacity, developing professional staff, creating an effective institutional environment, providing policy advice and developing long-range financial plan to facilitate macro stability, structural reform and economic growth. The relevance of the program is evident in facts such as the size of the country's debt burden (Nigeria's domestic debt that stood at \$1.16m as at December 2002), the cost of debt service, etc.

The overall objective of the Program Work Plan is to reduce the cost of government's borrowing over the long term, with minimum default, credit or re-financing risk and in a manner that is consistent with a deregulated market or monetary policy. Some of the weaknesses found in the course of the Needs Assessment include improper institutional roles, unclear legal framework, lack of collaboration among key governmental agencies, debt concentration in CBN and the banking system, inadequate debt-related data gathering process to guide borrowing projections and decision making. Both the current Work Plan implementation and the Future Work Plan are designed to address these.

**IX. Questions, Comments and Observations on Sectoral Presentations.
Session II:**

1. The size of the debt relative to the services provided as noted in the presentation is a thing of concern. But of greater concern is the issue of what happens to the money borrowed. The truth is that a large part of the money borrowed in the past, including foreign loans was not used for the purposes for the monies were borrowed in the first place. The real issue therefore is how do you monitor borrowed money, including foreign loans as a large part of these never get used for the purpose for which they were borrowed. This is an issue because the country is saddled with the responsibility of repayment even though it never benefited from the development that should have come with the loan.

Secondly, it is noted that the system you are putting in place is adequate because if the CBN stops issuing government debt instruments, government will have to borrow from the money market and the need to pay competitive interest may make for more prudence on the part of government. This will ensure that CBN carries out its responsibility as development agent to the nation.

Response:

The operations of the Debt Management Board have limited impact on how debts are incurred, especially on the rationale and whether it is used for the purpose for which it was borrowed. Its work is more in the area of budgeting to identify areas of deficit spending and make provision for debt servicing. On foreign loan, a set of legal framework is being put in place, which will soon be sent for legislation. The goal is to mandate government to consult the Debt Management Board before and after taking any loan to streamline borrowing.

There's need to look critically at the relationship between the roles of the CBN as a monitoring authority and as a debt manager. The CBN has responsibility for monetary policy, which in the Nigerian context is done by fighting inflation and defending the currency. The CBN is also responsible for managing the economy and its main tool is the interest rate. In order to defend the economy interest rates have to be high which then presents a problem for borrowing where low interest rates are required. This leads to institutional conflict. The approach now is that debt management is taken over by Debt Management Office.

2. Agriculture constitutes about 40% of GDP but has two major drawbacks namely use of crude implements by the majority of farmers and a high level of post-harvest loss. Can USAID assist with some form of intervention in terms of appropriate technology that will provide simple but effective implements to improve production as well as reduce post-harvest loss?

3. There is a strong connection between agriculture and industrialization and if agriculture is to be improved, adequate attention must be given to industrialization of farming at policy level. Also government needs to address the need to release land for large-scale farming. These issues have not been captured in the Strategy.
4. Given the limited resources for this sector there is the need for USAID to promote linkages between farmers and foreign markets, as has been done for Gum Arabic in Jigawa State as a means of increasing production in agriculture. USAID should also facilitate availability of information on markets and prices as a way of assuring farmers that their products will find suitable markets and at reasonable prices. This will go a long to boost production
5. Another hindrance to increased agricultural output is the lack of inputs. This calls for increased capacity to produce more inputs, which can be done by empowering research institutes and the getting the private sector involved in the production of inputs.
6. Increasing agricultural productivity also calls for encouraging a new generation of farmers given the fact that most of the current ones are aging. This can be achieved by the improvement of the rural environment. USAID's rural development strategy should be made operational in this regard to provide a conducive rural environment that will not only retain the youths but also encourage them to go into farming.
7. In view of the fact that USAID program cannot represent the Nigerian national program due to limited funds among other reasons, more can be achieved if there is complementarity between USAID and Nigeria. Secondly, USAID should influence decisions at the public sector level in order to maximize output for public input.
8. Given USAID's focus on agriculture, which assumes a national outlook even though its resources cannot support it to be truly national, to what extent are USAID's programs harmonized with that of the government? How much strategizing is USAID doing with relevant ministries in agriculture and environment?

Response:

All USAID programs are done through consultations and discussions, not only with the private sector, NGOs and civil society organizations but also with government at all levels. The strategy that is being discussed is the result of extensive data collection, research and consultations nation-wide. The policy development process is an evolving one and USAID will continue to work with stakeholders both at the design and implementation levels. Although attention is usually given to the national government, a lot is also done with state

governments. For instance, the relationship with the Kano State government led to the release of \$50,000.00 as counterpart funding for the development of a seedling-planting project. The challenge that USAID faces in program implementation is more with how to partner with other donor agencies. For example, how do we work with FAO, which has initiated a nation-wide food security program in each of the senatorial districts, and the FCT Abuja. But even in this area, linkage has been initiated with the Damina project. The goal is to ensure that efforts are not duplicated and that resources are maximized.

9. There are a number of small and medium scale enterprises (SMEs) in Nigeria that should be encouraged if we are to make progress in micro-enterprise development. In this respect USAID should find a means, e.g. a round table forum to disseminate information from the national survey on SME development. A forum, which brings together all stakeholders in that sector to discuss the document, will assist the development of the sector.
10. The indicator dealing with number of SMEs is inadequate as there is the need not only to look at numbers but also the quality of existing SMEs. Such a direction will reveal the need for capacity building in the sector. Consequently, the idea of expanding business support is a welcome development, but it should include support with needs like consultancy and basic management practices.
11. There is a need for a re-look at the result framework on agriculture in relation to improved productivity. While it is generally adequate, the intervention role of USAID is not very clear. What exactly are you proposing to do and what resources are available?

Response

USAID will be

- Providing technical assistance training and limited commodities. Work in this area is being done through IITA and other organizations to develop seedlings and new varieties such as cowpea and work on cassava disease.
- Holding consultations with government to enable them understand relevant issues necessary for achieving the biotechnology goal.
- Leveraging resources
- We need also to identify states with the greatest needs and those that are producing the most.

12. While Result Framework is good, there is need to improve on indicators in the areas of

- Quality of adoption, e.g. look at area of crop/planting
- “New job creation” should be added to diversification

- Also on indicators, household income should include household size and growth. These are important indicators because housing has become a big problem and its number and quality indicates how poor farmers are living. Therefore, it will be an easy indicator to evaluate since it is easy to count.

Response:

USAID program is focused on agriculture and housing is not part of it.

13. With regards to IR 12.3 can there be environmental sensitivity? ESI in the Niger Delta has shown disparity in how people suffer environmental problems
14. IR 12.2.2. refers. To achieve the aim of increased commercialization, USAID should work with large and established farms that can link up with small ones. Try and identify large farms and hook them up with small farms for linkage/synergy. The capacity of these large holdings should then be improved by identifying an area of need and providing the necessary assistance. Staff training and development can be one of such areas for assistance.
15. IR 12.3.1 refers. Within WTO Industrial Nations should pay some penalty to small countries whose biodiversity is being destroyed. They are also to carry out biodiversity characterization before the end of 2005. Nigeria has not started. Can USAID assist Nigeria to do this as contribution to solving the problem of environmental degradation?
16. Include as indicator, “% reduction in rural - urban migration”
17. IR 12.3.2 should deal with general market development – both physical market and financial market.

Response:

Conceptually the IR already takes care of physical markets even though it is not so clearly stated.

18. The level of contribution by agriculture to economic growth is directly related to the state of rural infrastructure where most farming takes place. Is there any dialogue between USAID and the federal ministry of works for the improvement of the roads where these projects are to be implemented?

Response

USAID is not dealing with road but with Agriculture, and so discussions are more with the Federal Ministry of Agriculture.

19. USAID intervention in food security as indicated in this result framework is commendable. It is important however to emphasized that it should be linked with the National Food Security so its legacy can outlive the life of the intervention.
20. There is no talk about the very small farmers in these presentations. But they are also part of the producers in the rural areas where a lot of farm produce is being wasted. Is there a way USAID can influence government to do something about our railway transport system?
21. IR 12.2.2 refers. What is USAID doing about traditional savings system in Nigeria? How can we harness the wealth in rural areas? How can USAID influence institutions and government to make credit facilities real? USAID can use its Agricultural credit guarantee scheme to enable micro financed institutions access credit from the banks.

X. Issue for discussion

How can one do export business in Nigeria given the uncertainties especially on policies, which are changed frequently?

Response by participants:

Capacity building of individuals and organizations interested in export business and the teaching of best practices is necessary to create a conducive environment.

Engaging government, even from the local government level in states with export potentials, will also help to create the right business environment.

Granted that there is some level of uncertainties in the environment, policies do not just change overnight. They are usually connected with budgets and so can be predictable. A one off trader will have problems with Nigeria. But longstanding traders would have strategy and study the situation. Very often they are predictable. Interested individuals or organizations should go for clusters of products. One item will give you problems but with many products, you can't be affected always.

XI. Forging greater linkages in Agricultural production, commercialization and competitiveness.

Dr. Johnson of FAO was given an opportunity to make a special emphasis in this area given the work that has been accomplished in different parts of Africa and Nigeria. His talk focused on FAO's activities in Nigeria. Noting that the Food

Security Program came out of a summit held in Cairo in 1996 to address global food insecurity, Dr. Johnson made a review of the status of the program in Nigeria.

The program focuses on addressing the farmer in terms of

- Improved irrigation and drainage
- Improved but affordable technology, which leads to the provision of improved seeds, etc.
- Diversification in farm level to include Aqua culture and poultry, among others.
- A general look at the problems facing the farmer with a view to providing assistance.

The Nigeria project started with a pilot scheme in Kano State and subsequently became a national scheme with the involvement of the federal government. The project now has 109 sites in different communities nation-wide with 250 farmers per site. The scheme provides inputs to farmers under the program on self-financing basis. Being a collaborative exercise, the farmers are fully involved and committed and this makes repayments more feasible.

There is also the tripartite agreement between Nigeria (recipient country), China (Donor) and FAO. Under the agreement, China will send about 500 technicians and 20 experts to help with agricultural program in Nigeria. The Chinese technicians work directly with farmers and the experts supervise. There are about 22 sites now but the project has been slowed down by the recent outbreak of SARS in China. The emphasis is also on soil fertility, post harvest and marketing.

FAO is interested in other donors' involvement in these programs and is willing to collaborate with USAID especially in area of access to market, as increased production will bring about an increase in the need for more markets.

As part of its integrated productivity enhancing management, FAO has signed agreement with Kano State government on pest management to reduce heavy use of harmful chemicals. There is also a project aimed at improving planting materials for tree crop through the development of nursery production technology and improved varieties. This is also another area open for USAID partnership with FAO. FAO is also willing to go into bilateral arrangements in these areas with other donor agencies.

XII. Salient Points/Summary

Agriculture Sector:

Jean Harman who presented the key points on the Agricultural sector observed that the discussions already reveal massive support for the Strategic Objective and framework for the sector. She put forward the following as the key points from the discussions.

- ❑ There is the need for appropriate technology and technology transfer in all aspect/phases of agriculture.
- ❑ Marketing of agricultural products is recognized as a major constraint to Agricultural development, therefore the development of marketing linkages is crucial.
- ❑ Agriculture is important to industrialization and so needs to be developed to provide both backward and forward integration.
- ❑ There is the need for complementarity of programs with other donors, civil society public sector, government, all of which must be able to work together and leverage resources.
- ❑ The absence of infrastructure presents a major problem that USAID alone cannot address; therefore both the government and the private sector must be involved in efforts to provide necessary infrastructures.
- ❑ Most stakeholders felt that the Intermediate Results are adequate but also made the case for some modifications, especially with respect to the indicators and the rearrangement of the strategies.

Observation:

Participants emphasized that appropriate technology should be understood to mean the provision of simple technology that is easily affordable and not necessarily the sophisticated technology that is capital intensive.

Economic Growth Sub-Sector:

Anne Fleuret presented the key points on the Economic Growth sub-sector. She emphasized the provision of an enabling environment and capacity building for both government and private sector to engage in economic development as the two (2) overriding points in this sector. Other critical points identified are:

- ❑ The need for consistent and transparent business structure, along with tariffs systems in line with ECOWAS tariff structure and the World Trade Organization (WTO).
- ❑ Macro-economic policy reforms that will involve the civil society and private sector in developing lobby skills, transparency and accountability.
- ❑ Reliable data for both planning and program implementation.
- ❑ A participatory framework involving all stakeholders.

At the end of plenary deliberations on these reports, the meeting adopted the salient points.

XIII. CONCLUDING REMARKS & CLOSING

In closing, Denise Rollins expressed USAID's appreciation to all participants. She advised participants with more thoughts to share to send these to USAID Office. She informed that another meeting would be convened to officially unveil the new strategy after approval by the US government.

**USAID/NIGERIA STAKEHOLDERS CONSULTATION
LOGISTICAL REPORT FOR MAY 8, 2003
Prepared by Wilma Nwanze**

USAID/Nigeria is in the process of developing a new five-year strategy for the period 2004-2009. Recognizing the crucial role of government, the private sector and civil society (CS) in sustaining the gains that Nigeria has made during the democratic transition, it is essential to USAID that its strategy development process involve a broad range of stakeholders from federal, state and local government, civil society, the private sector, implementing partners, other donors and other agencies in the U.S. government to help inform its strategic choices.

To this end, USAID contracted GENDYS International to assist in organizing seven (7) Stakeholder Consultations—four (4) to be held in Lagos and three (3) in Abuja as follows:

Lagos

- | | |
|---------|--|
| 4/8/03 | General Development Office – Local government authorities and civil society |
| 4/9/03 | General Development Office - donors and private sector |
| 4/24/03 | Democracy/Governance - mixed stakeholders (government, NGOs, CBOs, private sector, academia) |
| 5/8/03 | Agriculture/Economic Growth with mixed stakeholders |

Abuja

- | | |
|---------|---|
| 4/14/03 | Agriculture/Economic Growth - mixed stakeholders (technical staff from government, private sector, NGOs, farmer associations, donors) |
| 4/22/03 | General Development Office - Federal and State government |
| 4/29/03 | General Development Office - IPs, academics, think tanks, professional associations |

This Logistical Report covers the last in the series of seven Consultations. The contractor worked closely with the Stakeholder Specialist and appropriate Strategic Objective Team to manage the logistics of the Consultation which include the following:

Venue

Once again, the venue of the Consultation was The Golden Gate Restaurants located in Ikoyi, Lagos. Out-of-town participants stayed at Eko Hotel and Logistics Guest House. Because of the seating arrangement, the plenary session was a bit awkward as some of the participants could not see the screen where the presentations were being focused. However, the presentations were well-managed by the presenters who were able to move around and work the audience. The space for the Consultation was adequate. All services were good and executed promptly.

Invitations

The invitational packages which included an invitation letter, agenda and a pre-registration form were prepared and dispatched by either courier, hand delivery, or email, while follow-up was done by telephone and email, where available. Below are the details:

- Number of invitees on List - 72, excluding 13 USAID Staff
- Number of invitations delivered by hand – 60
- Number of bad/no addresses – 6
- Number of bad/no telephone numbers – 3
- Number of incorrect name/new incumbent – 1
- Number of invitees that participated – 81

A copy of the invitation letter, agenda and registration form used are attached as Appendices A1-A3, while the final Participants List is attached as Annexure I.

Consultation Materials/Equipment

All Consultation materials (jackets, writing pads, pens (with USAID embossment), ID tags (designed with USAID Logo), flipcharts, markers, etc.) and equipment, including a multimedia projector, screen, computers, printer and photocopier were provided. An on-site office with adequate secretarial services was set up at the venue. The jackets included writing materials, a copy of the Agenda and a maintenance packet, while additional handouts provided by USAID were prepared in readiness for distribution during the Consultation.

Per Diem/Transportation

There were fifteen (15) persons paid per diem and reimbursed for transportation. The rate used for per diem was N5000/day and N2500 for half day for those who arrived the night before or had to stay on the night of the Consultation due to lack of flight availability after the Consultation.

Accommodation

Out-of-town participants were lodged mainly at EKO Hotel and Logistics Guest House. Transportation was provided to pick up the participants and transport them to the venue for the Consultation Meeting. Some of the participants had to spend an additional night due to unavailability of flights. All arrangements were made.

Rapporteur Services

The contractor arranged for rapporteur services for the production of the Technical Report.

Budget Reconciliation

| | | |
|------------|---|-------------|
| Budgeted | - | N 1,248,500 |
| Actual | - | N 1,113,556 |
| Difference | - | N 134,944 |

The Cost Analysis has been forwarded to Accounts.



USAID/NIGERIA STAKEHOLDERS CONSULTATION

Thursday, May 8th, 2003
At the Golden Gate Restaurant, Ikoyi, Lagos

AGENDA

WELCOME
Director

9:00

Dawn Liberi, Mission

- Greetings and Welcome
- Meeting Objective: to discuss the strategy development process, Concept Paper, and strategic approaches to sector interventions
- Concept Paper Process Review
- Agency Initiatives
- Strategy Development Process

USAID STRATEGIC FOCUS
Economist
IN AGRICULTURE, ENVIRONMENT
and Economic Growth
AND PRIVATE SECTOR GROWTH

9:10

Dr. Ravi Aulakh, Chief

Office of Agriculture

Q&A

9:20

STRATEGY DEVELOPMENT

9:30

Denise Rollins

- Analytic Agenda
- Stakeholder Consultations
- Where we are on SO-2 strategy
- Expectations of the meeting
- Results framework

SESSION I: Macro Economic/Private sector
REVIEW AND DISCUSSION OF
Portfolio Assessment – Tom

9:40

Economic Growth

| | | |
|--|-------|-----------------------------|
| ASSESSMENTS | 9:50 | Macro Economic |
| Assessment - Charles | | |
| | 10:00 | Non-Oil Foreign |
| Investment Roadmap –Tom | | |
| Discussion | 10:10 | Ravi & Denise |
| Break | 11:30 | |
| SESSION II: Agric | | |
| REVIEW AND DISCUSSION OF | | |
| SECTORAL ASSESSMENTS | 11:45 | Agriculture Status |
| Report – Andy | | |
| | 11:55 | Small and Medium |
| | | Enterprises Sector Issues – |
| | | Andy |
| | 12:05 | Environmental |
| Analysis – Nduka | | |
| Discussion | 12:15 | Ravi & Denise |
| Lunch | 1:30 | |
| <u>SESSION III: Recommendations</u> | | |
| GROUP REPORT ECON | | |
| Main Issues | 2:30 | Jean Harman |
| Discussion | 2:40 | |
| GROUP REPORT AG. | 3:20 | |
| Main Issues | 3:30 | Anne Fleuret |
| Results Framework | 4:00 | Denise |
| CLOSING | 5:00 | |

THANK YOU